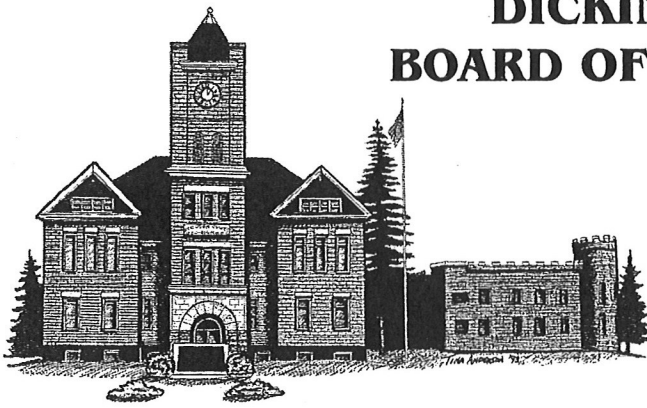


DICKINSON COUNTY BOARD OF COMMISSIONERS



Board Chairman: Henry Wender
Vice Chairman: Frank Smith
Commissioners: John Degenauer, Jr.
Ann Martin
Joe Stevens

Controller/Administrator: Kathryn Pascoe
Assistant to Controller: Sonya Pugh

MEMO

TO: Dickinson County Board of Commissioners

FROM: Kathryn A. Pascoe, Controller/Administrator

SUBJECT: Conveyance of 2012 Recommended General Appropriations Act

DATE: November 14, 2011

In accordance with Public Act 621 of 1978, you will find attached a copy of the recommended 2012 General Appropriations Act for Dickinson County. This document is submitted for your approval and may be modified in any way subject to the limitation of law and past contracts and agreements entered into by the Board.

The document portrays a financial picture of the priorities of the County for the ensuing year including the method of raising general fund revenues of approximately \$8.82 million to provide for the service and infrastructure needs of a population of 26,168 (2010 census).

While the total millage rate for County affiliated functions will total 8.7203 mills, 6.1203 of the total will be for County operational purposes, which remains unchanged from the prior seven years. The other components of the County's total millage rate are the Dickinson-Iron District Health Department (0.35 mills), the Dickinson County Library (0.85 mills), Senior Citizens Programs (0.4 mills) and Bay College (1.0 mills). Three entities will have millage proposals on the February 28, 2012 presidential primary ballot. The Dickinson Iron Health Department is seeking to increase its millage rate from .35 to .42. The Senior Citizens Programs are requesting a renewal of .4 mills and the Road Commission is seeking a new millage of .5 mills for road and street repairs. If the voters approve all millage requests, the total millage rate for County affiliated functions would rise to 9.2903 mills. The County does not have any debt retirement millage.

The revenue forecast for 2012 totals \$8,136,009 of county generated funds, an 0.8 % increase over the \$8,069,658 of county generated revenues which has been projected for 2011. While Taxes and Penalties are projected to increase by 2.3% in 2012 compared to 2011, other internal sources of revenue will see a decline of approximately 2.9%. Interest collected on taxes is declining as a source of revenue to the General Fund because interest from delinquent taxes is pledged to repay borrowings undertaken by the County to support the Delinquent Tax Revolving Fund.

Projected expenditures in 2012 are projected to decline 0.5% relative to 2011. Whereas the 2011 budget necessitated a reduction in the Fund Balance of \$200,000 to support expenditures, the 2012 budget will require a reduction to Fund Balance of \$80,000. Both year-end 2011 revenues and expenditures are expected to be fairly consistent with budgeted revenue and expenditures.

One of the great successes of 2011 has been the partnership between Dickinson County and the Dickinson County YMCA. In the Budget Memo which accompanied the conveyance of the 2010 Budget to the County Board, I noted that the long term viability of the Crystal Lake Community Center could be in jeopardy. The Crystal Lake Center, with the recreational programs now under the management of the Northern Lights YMCA, is showing strong signs of being revitalized and renewed. It is again becoming a focal point for family, youth and community activities. The Y partnered with DICSA, another CLC tenant, for the very successful 2011 Pumpkin Run and they are also collaborating with the Kiwanis on the Pine Mountain Steps Project., a project that will benefit the community for years to come. The cost to taxpayers to support the CLC will significantly diminish in 2012 and the goal to transfer ownership of the building to the YMCA by 2015 seems eminently attainable. Thanks to the efforts of our local legislators, the State of Michigan has relinquished its claim to this parcel of land and the legal hurdle to the transfer of ownership has been removed. I firmly believe that this County Board can justly take credit for the preservation of the Crystal Lake Center as a long term, viable asset for the citizens of this County.

MSU Extension is another entity that is currently undergoing restructuring, as a result of changes occurring at the campus level. County Extension Directors have now become Educators serving multiple counties and 4H Coordinators are now functioning more as a resource for local 4H groups. Michigan State University is seeking to standardize its Operating Agreements with Michigan's 83 counties, but individual counties are also looking for creative ways to preserve these programs without shouldering additional costs. The county administrators of Dickinson, Delta and Menominee Counties have begun exploring the option of a tri-county Extension Office that would serve as a base of operations for the educators and 4H Coordinators and MSU support staff. The Pinecrest Medical Facility is jointly owned by all three counties, centrally located and has unused office space. A preliminary meeting was held with the Director at Pinecrest which proved very productive. Further pursuing this option will require the involvement of the three County Boards and the cooperation of MSU Extension, but it is reasonable to expect that such an arrangement could be in place by 2013.

A corollary of the restructuring of MSU Extension is the fate of Camp Molinare, located on Sawyer Lake and managed by a Board of Directors with assistance from the MSUE staff. Currently, Dickinson County pays the insurance required to run the camp but assumes no other financial burdens. However, MSUE has served notice that it will no longer provide support services for Camp Molinare and that other arrangements must be made. The Board of Directors has requested County assistance in maintaining the operations of the camp. This budget supports the retention of a full time clerical person in the Extension Office that will support the clerical needs of both MSUE and Camp Molinare for the ensuing year. However, given the changes to MSUE expected to be implemented by 2013, it is incumbent upon the Camp Molinare Board to aggressively seek other means of managing and preserving the Camp. Usage of the facility greatly needs to be expanded and marketed if it is to remain viable. A potential partner in promoting and preserving the camp could be the Northern Lights YMCA, which serves both Dickinson and Delta counties and the Camp Molinare Board is strongly encouraged to explore this or other options to preserve the camp.

The recommended appropriation to the Public Improvement totals only \$41,000 of which \$16,000 is for repairs to the Hardwood Impoundment, a project to which the County has already committed. The remaining \$25,000 is for repairs to the Courthouse itself. During the course of the tuckpointing project just completed, it was noted that courthouse windows are sorely in need of painting, repair or replacement. The Board could choose to repair or replace those windows most in need or begin to establish a fund to do a sizable window project in the next two or three years.

The Revenue Sharing Reserve Account will provide the current level of income to us through the coming year. In 2013, we will take the final payment of approximately \$250,000 from this fund and the fund will be completely expended. The State of Michigan's FY2012-2013 Budget provides for revenue sharing funds for those counties which will have completely expended their Revenue Sharing Reserve Accounts and due to come back into the program next year at a rate reduced by approximately 33%. This will have significant implications for Dickinson County's 2013 budget.

County government, like all governments, is a service industry. We are a labor intensive industry and the cost of doing business is primarily related to labor costs. Wages and benefits are still the most substantial and fixed component of the county budget, comprising approximately 65% of budgeted expenditures. This budget supports the current level of staffing with the understanding that, if revenue sharing funds are reduced substantially and other revenues do not increase, 2013 may see reductions in staff.

Approximately 30% of budgeted expenditures are attributable to Public Safety, including an appropriation to E911 of \$295,000. This is an increase of almost 19% over the current appropriation. A number of other counties have found it necessary to ask voters to support a millage for public safety issues. I believe a more viable option is to merge our 911 operation with another county. Given advances in technology, particularly GPS systems, and the cost of

equipment and personnel, there are substantial economies of scale to be had in a combined operation. The E911 system in Delta County has shown an interest in working with Dickinson County on this issue. This option should be seriously investigated.

Appropriation requests from county departments and agencies which receive county funding totaled \$9,051,825. These requests have been reduced by \$228,207 to \$8,823,618, the level of expected revenues. I believe County Department Heads and Elected Officials showed extraordinary restraint in preparing their 2012 budget and Capital Outlay requests with many departmental budgets remaining essentially unchanged from 2011. The cooperation received from these elected and appointed officials in controlling 2011 spending and limiting 2012 expenditure requests was essential to the development of this budget.

Arriving at the recommendations contained in this budget was difficult given the expressed needs of the many agencies that rely on the county for at least some measure of support. Appropriation recommendations generally remain at the 2011 level, although some have been reduced.

The lack of a recommended appropriation or a recommendation to reduce any given appropriation is no reflection on the relative merits of the organization involved or the service it provides.

As previously noted, the recommended General Appropriations Act is less than the stated budgetary needs of the various County agencies and departments. While some departments and agencies may be disappointed that their funding needs have not been met, I believe that the recommended budget and the accompanying recommendations contained in this memo strikes a balance between the County's operational and capital needs while recognizing the long-term implications of the current economic environment. While the emphasis is on maintaining core county services, I also believe that it fairly apportions resources between County agencies and departments and other community interests given the budgetary constraints in place. While the budget before you is balanced as required by law, it is subject to revision at the Board's discretion.

**Budget Summary
Fiscal Year 2012
Dickinson County General Fund**

| Account Description | Actual 2008 | Actual 2009 | Actual 2010 | Budget 2011 | Budget 2012 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| REVENUES | | | | | |
| Taxes and Penalties | 5,672,339 | 5,858,577 | 5,804,955 | 5,789,895 | 5,921,915 |
| Licenses and Permits | 16,223 | 17,758 | 20,274 | 20,575 | 18,800 |
| State/Federal Grants | 873,047 | 790,702 | 809,691 | 850,113 | 860,577 |
| Charges for Services | 1,329,034 | 1,055,680 | 1,018,060 | 1,063,425 | 1,023,300 |
| Fines and Forfeits | 95,034 | 83,731 | 77,952 | 81,250 | 69,500 |
| Interest and Rentals | 55,444 | 17,211 | 16,918 | 20,000 | 15,000 |
| Other Revenue | 229,545 | 238,630 | 234,819 | 244,400 | 227,000 |
| Total Revenues | 8,270,666 | 8,062,289 | 7,982,669 | 8,069,658 | 8,136,092 |
| Other Sources | 727,127 | 748,708 | 763,276 | 589,882 | 602,526 |
| Transfer from Fund Balance | | | | 200,000 | 85,000 |
| Total Rev/Other Sources | 8,997,793 | 8,810,997 | 8,745,945 | 8,859,540 | 8,823,618 |
| EXPENDITURES | | | | | |
| Legislative | 82,212 | 82,406 | 84,840 | 87,950 | 94,700 |
| Judicial | 1,171,431 | 1,171,883 | 1,215,867 | 1,242,511 | 1,438,641 |
| General Government | 1,608,522 | 1,553,376 | 1,589,966 | 1,613,645 | 1,888,891 |
| County Planning | 12,545 | 22,216 | 18,101 | 17,100 | 19,300 |
| Public Safety | 1,748,417 | 1,819,250 | 1,844,765 | 1,824,525 | 2,207,871 |
| Health and Welfare | 198,646 | 183,231 | 164,558 | 156,687 | 172,560 |
| Recreation and Culture | 9,686 | 8,250 | 10,700 | 9,950 | 6,250 |
| Empl. Benefits/Insurance | 2,347,932 | 2,476,370 | 2,535,053 | 2,677,635 | 1,809,105 |
| Capital Outlay | 122,617 | 87,941 | 112,461 | 50,596 | 56,220 |
| Total Expenditures | 7,302,008 | 7,404,923 | 7,576,311 | 7,680,599 | 7,693,538 |
| Other Uses | 1,279,894 | 1,182,952 | 1,130,972 | 1,178,941 | 1,130,080 |
| Total Exp/Other Uses | 8,581,902 | 8,587,875 | 8,707,283 | 8,859,540 | 8,823,618 |
| Accumulated Available Unappropriated Surplus (Deficit) from Prior Years | | | 1,865,571 | | |
| Year End 2010 Surplus *(Deficit) Adjusted per Audit | | | 50,323 | | |
| Surplus at End of Budget Year | | | 1,915,894 | | |